

8.0 NUMBER RESOURCES, RATE CENTERS AND RATING POINTS

8.1 Nothing in this Agreement shall be construed to limit or otherwise adversely affect in any manner either Party's right to employ or to request and be assigned any Central Office (NXX) Codes pursuant to the Central Office Code Assignment Guidelines, as may be amended from time to time, or to establish, by Tariff or otherwise, Rate Centers and Rating Points corresponding to such NXX codes. Until such time as number administration is provided by a third party, BA shall provide KMC access to telephone numbers by assigning NXX codes to KMC in accordance with such Assignment Guidelines.

8.2 It shall be the responsibility of each Party to program and update its own switches and network systems in accordance with the Local Exchange Routing Guide ("LERG") in order to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities, except as expressly set forth in this Agreement.

8.3 Unless mandated otherwise by a Commission order, the Rate Center Areas will be the same for each Party. During the term of this Agreement, KMC shall adopt the Rate Center Areas and Rate Center Points that the Commission has approved for BA, in all areas where BA and KMC service areas overlap, and KMC shall assign whole NPA-NXX codes to each Rate Center unless the LEC industry adopts alternative methods of utilizing NXXs in the manner adopted by the NANP.

8.4 KMC will also designate a Routing Point for each assigned NXX code. KMC shall designate one location for each Rate Center Area as the Routing Point for the NPA-NXXs associated with that Area, and such Routing Point shall be within the same LATA as the Rate Center Area but not necessarily within the Rate Center Area itself.

8.5 Notwithstanding anything to the contrary contained herein, nothing in this Agreement is intended to, and nothing in this Agreement shall be construed to, in any way constrain KMC's choices regarding the size of the local calling area(s) that KMC may establish for its Customers, which local calling areas may be larger than, smaller than, or identical to, BA's local calling areas.

9.0 NETWORK MAINTENANCE AND MANAGEMENT; OUTAGES

9.1 The Parties will work cooperatively to install and maintain a reliable network. KMC and BA will exchange appropriate information (e.g., maintenance contact numbers, escalation procedures, network information, information required to comply with law enforcement and other security agencies of the Government) to achieve this desired reliability. In addition, the Parties will work cooperatively to apply sound network management principles to alleviate or to prevent congestion.

9.2 Each Party recognizes a responsibility to follow the standards that may be agreed to between the Parties and to employ characteristics and methods of operation that will not interfere with or impair the service or any facilities of the other or any third parties connected with or involved directly in the network of the other.

9.3 Interference or Impairment

If Party A reasonably determines that the characteristics and methods of operation used by Party B will or may interfere with or impair its provision of services, Party A shall have the right to discontinue Interconnection subject, however, to the following:

9.3.1 Party A shall have given Party B at least ten (10) days' prior written notice of the interference or impairment or potential interference or impairment and the need to correct the condition within said time period; and,

9.3.2 Party A shall have concurrently provided a copy of the notice provided to Party B under (a) above to the appropriate federal and/or state regulatory bodies.

9.3.3 Notice in accord with subsections 9.3.1 and 9.3.2 above shall not be required in emergencies and Party A may immediately discontinue Interconnection if reasonably necessary to meet its obligations. In such case, however, Party A shall use all reasonable means to notify Party B and the appropriate federal and/or state regulatory bodies.

9.3.4 Upon correction of the interference or impairment, Party A will promptly renew the Interconnection. During such period of discontinuance, there will be no compensation or credit allowance by Party A to Party B for interruptions.

9.4 Repeated or Willful Noncompliance

The Interconnection provided hereunder may be discontinued by either Party upon thirty (30) days written notice to the other for repeated or willful violation of and/or a refusal to comply with this Agreement in any material respect. The Party discontinuing will notify the appropriate federal and/or state regulatory bodies concurrently with the notice to the other Party of the prospective discontinuance.

9.5 Outage Repair Standard

In the event of an outage or trouble in any arrangement, facility, or service being provided by a Party hereunder, the providing Party will follow procedures for isolating and clearing the outage or trouble that are no less favorable than those that apply to comparable arrangements, facilities, or services being provided by the providing Party to any other carrier whose network is connected to that of the providing Party. KMC and BA may agree to modify those procedures from time to time based on their experience with comparable Interconnection arrangements with other carriers.

9.6 Notice of Changes -- Section 251(c)(5)

If a Party makes a change in the information necessary for the transmission and routing of services using that Party's network, or any other change in its network which it believes will materially affect the interoperability of its network with the other Party's network, the Party making the change shall provide at least ninety (90) days advance written notice of such change to the other Party, and shall use all reasonable efforts to provide at least one hundred eighty (180) days notice where practicable; provided, however, that if a longer period of notice is required by the FCC's or Commission's rules, including, e.g., the Network Disclosure rules set forth in the FCC Regulations, the Party will comply with such rules.

10. JOINT NETWORK IMPLEMENTATION AND GROOMING PROCESS; INSTALLATION, MAINTENANCE, TESTING AND REPAIR

10.1 Joint Network Implementation and Grooming Upon a mutually agreed to date to be determined, but not earlier than June 1, 1997, KMC and BA shall jointly develop an implementation and grooming process (the "Joint Process") which shall define and detail, inter alia,

(a) standards to ensure that Interconnection trunk groups experience a grade of service, availability and quality which is comparable to that achieved on interoffice trunks within BA's network and in accord with all appropriate relevant industry-accepted quality, reliability and availability standards. Trunks provided by either Party for Interconnection services will be engineered using a design blocking objective of B.01;

(b) the respective duties and responsibilities of the Parties with respect to the administration and maintenance of the trunk groups, including, but not limited to, standards and procedures for notification and discoveries of trunk disconnects;

(c) disaster recovery provision escalations;

(d) migration from one-way to two-way Interconnection Trunks upon mutual agreement of the Parties;

(e) the procedures to govern any KMC request for information concerning available BA network facilities that KMC may purchase as unbundled Network Elements to connect the beginning and end points within given exchanges specified by KMC in its request; and

(f) a SONET ring arrangement for Interconnection upon mutual agreement of the Parties; and

(g) such other matters as the Parties may agree, including, e.g., End Office to End Office high usage trunks as good engineering practices may dictate.

Nothing in this subsection 10.1 shall affect either Party's obligations to meet the milestone dates set forth in Schedule 3.0 hereof.

10.2 Installation, Maintenance, Testing and Repair Unless otherwise agreed to by the Parties, Interconnection shall be equal in quality to that provided by each of the Parties to itself or any subsidiary, affiliate, or third party. For purposes of this Agreement, "equal in quality" means the same or equivalent interface specifications, provisioning, installation, maintenance, testing and repair intervals for the same or equivalent services under like circumstances. If either Party is unable to fulfill its obligations under this subsection 10.2, it shall notify the other Party of its inability to do so and will negotiate alternative intervals in good faith. The Parties agree that the standards to be used by each Party for isolating and clearing any disconnections and/or other outages or troubles shall be no less favorable than those applicable to comparable arrangements, facilities, or services being provided by such Party to any other carrier whose network is connected to that of the providing Party.

10.3 Forecasting Requirements for Trunk Provisioning Ninety (90) days prior to KMC's Service Activation Date (as set forth in Schedule 3.0), KMC shall provide BA a one (1) year traffic forecast. This initial forecast will provide the amount of traffic to be delivered to BA over each of the Traffic Exchange Trunk groups. The forecast shall be updated and provided to BA on a quarterly basis. All forecasts shall include Access Carrier Terminal Location (ACTL), traffic type (local/toll, operator services, 911, etc.), code (identifies trunk group), A location/Z location (CLLI codes for KMC-IPs and BA-IPs), interface type (e.g., DS1), and trunks in service each year (cumulative).

10.3.1 Initial Forecasts/Trunking Requirements Because BA's trunking requirements will, at least during an initial period, be dependent on the customer segments and service segments within customer segments to whom KMC decides to market its services, BA will be largely dependent on KMC to provide accurate trunk forecasts for both inbound (from BA) and outbound (from KMC) traffic. BA will, as an initial matter and upon request, provide the same number of trunks to terminate local traffic to KMC as KMC provides to terminate local traffic to BA, unless KMC expressly identifies particular situations that are expected to produce traffic that is substantially skewed in either the inbound or outbound direction, in which case BA will provide the number of trunks KMC suggests; provided, however, that in all cases BA's provision of the forecasted number of trunks to KMC is conditioned on the following: that such forecast is based on reasonable engineering criteria, there are no capacity constraints, and KMC's previous forecasts have proven to be reliable and accurate. Upon the establishment of any new set of trunks for traffic from BA to KMC, BA will monitor traffic for ninety (90) days, and will, as necessary at the end of that period, either augment trunks or disconnect trunks, based on the application of reasonable engineering criteria and capacity constraints to the actual traffic volume experienced. If, after such initial 90-day period, BA has determined that any trunks in excess of four (4) T-1s are not warranted by actual traffic volumes, then, on ten (10) days' written notice,

BA may hold KMC financially responsible for such trunks in excess of four (4) T-1s retroactive to the start of the 90-day period until such time as they are justified by actual traffic volumes, based on the application of reasonable engineering criteria. Similarly, in the event KMC's subsequent forecasts result in BA's provision of trunks that are not warranted by actual traffic volumes over the 90-day period immediately following such forecast, BA may hold KMC financially responsible for all such unwarranted trunks retroactive to the start of the 90-day period until such time as they are justified by actual traffic volumes, based on the application of reasonable engineering criteria. To the extent that BA requires KMC to install trunks for delivery of traffic to BA, KMC may apply the same procedures with respect to BA's trunking requirements.

10.3.2 Future Forecasts/Trunking Requirement The Parties agree to determine and develop reciprocal forecast requirements at the end of two (2) years following the Service Activation Date (as set forth in Schedule 3.0).

11.0 UNBUNDLED ACCESS -- SECTION 251(c)(3)

To the extent required of each Party by Section 251 of the Act, each Party shall offer to the other Party nondiscriminatory access to Network Elements on an unbundled basis at any technically feasible point. BA shall unbundle and separately price and offer Network Elements such that KMC will be able to lease and interconnect to whichever of the Network Elements KMC requires, and to combine the BA-provided elements with any facilities and services that KMC may itself provide, except that KMC shall not recombine Network Elements purchased from BA for use as a substitute for the purchase at wholesale rates of Telecommunications Services that BA provides unless otherwise mandated by the FCC or the Commission or agreed to by BA with other carriers.

11.1 Available Network Elements

At the request of KMC, BA shall provide KMC access to the following unbundled Network Elements in accordance with the requirements of the FCC Regulations:

- 11.1.1 Local Loops, as set forth in subsection 11.2;
- 11.1.2 The Network Interface Device, as set forth in subsection 11.3;
- 11.1.3 Switching Capability, as set forth in subsection 11.4;
- 11.1.4 Interoffice Transmission Facilities, as set forth in subsection 11.5;
- 11.1.5 Signaling Links and Call-Related Databases, as set forth in Section 17;
- 11.1.6 Operations Support Systems, as set forth in subsection 11.6; and
- 11.1.7 Operator Services and Directory Assistance, as set forth in subsection 19.4.

11.2 Unbundled Local Loop ("ULL") Transmission Types

Subject to subsection 11.7, BA shall allow KMC to access the following ULL types (in addition to those ULLs available under applicable tariffs) unbundled from local switching and local transport in accordance with the terms and conditions set forth in this subsection 11.2.

11.2.1 "2-Wire Analog Voice Grade ULL" or "Analog 2W" provides an effective 2-wire channel with 2-wire interfaces at each end that is suitable for the transport of analog voice grade (nominal 300 to 3000 Hz) signals and loop-start signaling. The service is more fully described in Bell Atlantic TR-72565. If "Customer-Specified Signaling" is requested, the service will operate with one of the following signaling types that may be specified when the service is ordered: loop-start, ground-start, loop-reverse-battery, and no signaling. The service is more fully described in Bell Atlantic TR-72570.

11.2.2 "4-Wire Analog Voice Grade ULL" or "Analog 4W" provides an effective 4-wire channel with 4-wire interfaces at each end that is suitable for the transport of analog voice grade (nominal 300 to 3000 Hz) signals. The service will operate with one of the following signaling types that may be specified when the service is ordered: loop-start, ground-start, loop-reverse-battery, duplex, and no signaling. The service is more fully described in Bell Atlantic TR-72570.

11.2.3 "2-Wire ISDN Digital Grade ULL" or "BRI ISDN" provides a channel with 2-wire interfaces at each end that is suitable for the transport of 160 kbps digital services using the ISDN 2B1Q line code.

11.2.4 "2-Wire ADSL-Compatible ULL" or "ADSL 2W" provides a channel with 2-wire interfaces at each end that is suitable for the transport of digital signals up to 6Mbps toward the Customer and up to 640 kbps from the Customer. BA will offer ADSL-Compatible ULLs only when the technology BA uses to provide such ULLs is compatible with that of KMC. In addition, ADSL-Compatible ULLs will be available only where existing copper facilities can meet applicable industry standards.

11.2.5 "2-Wire HDSL-Compatible ULL" or "HDSL 2W" provides a channel with 2-wire interfaces at each end that is suitable for the transport of 784 kbps digital signals simultaneously in both directions using the 2B1Q line code. HDSL compatible ULLs will be available only where existing copper facilities can meet the specifications.

11.2.6 "4-Wire HDSL-Compatible ULL" or "HDSL 4W" provides a channel with 4-wire interfaces at each end. Each 2-wire channel is suitable for the transport of 784 kbps digital signals simultaneously in both directions using the 2B1Q line code. HDSL compatible ULLs will be available only where existing copper facilities can meet the specifications.

11.2.7 "4-Wire DS1-compatible ULL" provides a channel with 4-wire interfaces at each end. Each 4-wire channel is suitable for the transport of 1.544 mbps digital signals

simultaneously in both directions using PCM line code. DS-1-compatible ULLs will be available where existing copper facilities can meet the specifications.

11.2.8 ULLs will be offered on the terms and conditions specified herein and on such other terms in applicable Tariffs that are not inconsistent with the terms and conditions set forth herein. BA shall make ULLs available to KMC at the rates specified by the Commission, as amended from time to time, subject to the provisions of subsection 11.2.9 below.

11.2.9 BA will make Analog 2-Wire ULLs available for purchase by KMC in accordance with the schedule set forth in Schedule 3.0. BA will make BRI ISDN, Analog 4W ULLs and 4-Wire DS-1-compatible ULLs available for purchase by KMC by the later of January 1, 1997, or the date when the ULL milestone contained in Schedule 3.0 is achieved in the LATA. BA will make HDSL 4-Wire, HDSL 2-Wire, and ADSL 2-Wire ULLs available to KMC no later than the date on which it makes such ULLs commercially available to any other Telecommunications Carrier in Virginia, unless such date is earlier than the ULL milestone date contained in Schedule 3.0 with respect to a particular LATA, in which case the ULL milestone date shall apply.

11.3 Network Interface Device

At the request of KMC, BA shall permit KMC to connect a carrier's loop to the Inside Wiring of a Customer's premises through BA's NID in the manner set forth in Schedule 11.3. KMC must establish the connection to BA's NID through an adjoining NID deployed by KMC. The Customer shall be responsible for resolving any conflicts between service providers for access to Customer's premises and Inside Wire.

11.4 Unbundled Switching Elements

BA shall make available to KMC the local Switching Element and tandem Switching Element unbundled from transport, local loop transmission, or other services in accordance with all Applicable Laws and as more fully described in Schedule 11.4.

11.5 Interoffice Transmission Facilities

BA shall provide KMC local transport from the trunk side of BA's Central Office Switches unbundled from switching, unbundled interoffice transmission facilities, and other services in accordance with Exhibit A.

11.6 Operations Support Systems

BA shall provide KMC with access via electronic interfaces or electronic bonding to databases required for pre-ordering, ordering, provisioning, maintenance and repair, and billing as soon as practicable. Until such electronic access is established, BA shall provide KMC with comparable information via facsimile or other mutually agreed upon medium.

11.7 Limitations on Unbundled Access

11.7.1 KMC shall access BA's unbundled Network Elements specifically identified in this Agreement via Collocation in accordance with Section 13 at the BA Wire Center where those elements exist or other mutually agreed upon means of Interconnection, and each ULL or Port shall, in the case of Collocation, be delivered to KMC's Collocation by means of a Cross Connection.

11.7.2 BA shall provide KMC access to its Unbundled Local Loops at each of BA's Wire Centers for loops terminating in that Wire Center. In addition, if KMC requests one or more ULLs provisioned via Integrated Digital Loop Carrier or Remote Switching technology deployed as a ULL concentrator, BA shall, where available, move the requested ULL(s) to a spare, existing physical ULL at no additional charge to KMC. If, however, no spare physical ULL is available, BA shall within three (3) business days of KMC's request notify KMC of the lack of available facilities. KMC may then at its discretion make a Network Element Bona Fide Request to BA to provide the Unbundled Local Loop through the demultiplexing of the integrated digitized ULL(s). KMC may also make a Network Element Bona Fide Request for access to Unbundled Local Loops at the ULL concentration site point. Alternatively, KMC may choose to avail itself of BA's Special Construction services, as set forth in Exhibit A, for the provisioning of such ULL(s). Notwithstanding anything to the contrary in this Agreement, the provisioning intervals set forth in subsection 11.9 and the Performance Criteria and Performance Interval Dates set forth in subsection 27.1 and Schedule 27, respectively, shall not apply to ULLs provided under this subsection 11.7.2.

11.7.3 If KMC orders a ULL type and the distance requested on such ULL exceeds the transmission characteristics in applicable technical references, distance extensions may be required and additional rates and charges shall apply as set forth in Exhibit A or applicable Tariffs.

11.7.4 BA will exercise all reasonable efforts to ensure that the service intervals that apply to ULLs and unbundled Ports are comparable to the (i) repair intervals that apply to the bundled dial tone line service, and (ii) installation intervals that apply to other BA-coordinated services, except as provided in Section 27. Although BA will make commercially reasonable efforts to ensure that ULLs and unbundled ports meet specified or agreed-upon technical standards, BA makes no warranty that the ULLs or unbundled Ports supplied by BA hereunder will be compatible with the services KMC may offer to its Customers if they are used in a manner not contemplated by the Parties.

11.8 Availability of Other Network Elements on an Unbundled Basis

11.8.1 BA shall, upon request of KMC, and to the extent technically feasible, provide to KMC access to its Network Elements on an unbundled basis for the provision of KMC's Telecommunications Service. Any request by KMC for access to an BA Network Element that is not already available and is not specifically required to be offered under regulations or orders of the FCC or the Commission shall be treated as a Network Element Bona

Fide Request. KMC shall provide BA access to its Network Elements as mutually agreed by the Parties or as required by the Commission or FCC.

11.8.2 A Network Element obtained by one Party from the other Party under this subsection 11.8 may be used in combination with the facilities of the requesting Party only to provide a Telecommunications Service, including obtaining billing and collection, transmission, and routing of the Telecommunications Service.

11.8.3 Notwithstanding anything to the contrary in this subsection 11.8, a Party shall not be required to provide a proprietary Network Element to the other Party under this subsection 11.6 except as required by the Commission or FCC.

11.8.4 BA will, on a semi-annual basis, notify KMC of the availability of new unbundled Network Elements.

11.9 Provisioning of Unbundled Local Loops

The following coordination procedures shall apply for conversions of "live" Telephone Exchange Services to ULLs. These and other mutually agreed-upon procedures shall apply reciprocally for the "live" cutover of Customers from BA to KMC and from KMC to BA.

11.9.1 Upon request by KMC, BA will apply the following coordination procedures to conversions of live Telephone Exchange Services to ULLs. Coordinated cutover charges will apply to any such arrangement. If KMC elects not to request coordinated cutover, BA will process KMC's request in the normal course and subject to the normal installation intervals.

11.9.2 KMC shall request ULLs from BA by delivering to BA a valid electronic transmittal service order (when available) or another mutually agreed-upon type of service order such as a Loop/NID Time and Material form. Such service order shall be provided in accordance with industry format and specifications or such format and specifications as may be agreed to by the Parties. Within forty-eight (48) hours of BA's receipt of such valid service order, BA shall provide KMC the firm order commitment date according to the Performance Interval Dates set forth in Schedule 27 by which the ULLs covered by such service order will be installed.

11.9.3 On each ULL order in a Wire Center, KMC and BA will agree on a cutover time at least forty eight (48) hours before that cutover time. The cutover time will be defined as a 15-30 minute window within which both the KMC and BA personnel will make telephone contact to complete the cutover.

11.9.4 Within the appointed 15-30 minute cutover time, the BA person will call the KMC person designated to coordinate cutover work.

11.9.5 If KMC requires a change in scheduling, it must contact BA to issue a supplement to the original order. The negotiations process to determine the date and time of cutover will then be reinitiated as usual.

11.9.6 If the KMC person is not ready within the appointed interval and if KMC had not called to reschedule the work at least two (2) hours prior to the start of the interval, KMC shall be liable for the non-recurring charge for the unbundled elements scheduled for the missed appointment. In addition, non-recurring charges for the rescheduled appointment will apply.

11.9.7 If BA is not available or not ready at any time during the appointed 15-30 minute interval, KMC and BA will reschedule and BA will waive the non-recurring charge for the unbundled elements originally scheduled for that interval, whenever those unbundled elements are actually cut over pursuant to an agreed-upon rescheduling.

11.9.8 The standard time expected from disconnection of a live Telephone Exchange Service to the connection of the unbundled element to the KMC Collocation Arrangement is fifteen (15) minutes per voice grade circuit for all orders consisting of twenty (20) ULLs or less. Orders involving more than twenty (20) ULLs will require a negotiated interval.

11.9.9 If unusual or unexpected circumstances prolong or extend the time required to accomplish the coordinated cutover, the Party responsible for such circumstances is responsible for the reasonable labor charges of the other Party. Delays caused by the Customer are the responsibility of KMC.

11.9.10 If KMC has ordered INP as part of an ULL installation, BA will coordinate implementation of INP with the ULL installation. BA's provision of unbundled elements shall in all cases be subject to the availability of suitable facilities, to the extent permitted by Section 251 of the Act.

11.9.11 If KMC requests or approves a BA technician to perform services on the network side of the Rate Demarcation Point beyond normal installation of the ULLs covered by the service order, BA may charge KMC for any additional and reasonable labor charges to perform such services. BA may also charge KMC its normal overtime rates for services KMC requests to be performed outside of BA's normal business hours (M-F, 9 am to 5 pm, E.S.T.).

11.10 Maintenance of Unbundled Local Loops

If (i) KMC reports to BA a Customer trouble, (ii) KMC requests a dispatch, (iii) BA dispatches a technician, and (iv) such trouble was not caused by BA's facilities or equipment, then KMC shall pay BA the applicable tariff rate for said dispatch. In addition, this charge also applies in situations when the Customer contact as designated by KMC is not available at the appointed time. KMC accepts responsibility for initial trouble isolation and providing BA with appropriate dispatch information based on their test results. If, as the result of KMC instructions, BA is erroneously requested to dispatch within the Central Office, BA may levy on KMC an appropriate charge. However, if BA imposes any charge on KMC under this subsection 11.8 and the same trouble recurs and the cause in both instances is determined to be in BA's facilities, then BA shall refund to KMC all charges applicable to that trouble that were erroneously levied on and paid by KMC to BA plus interest at the rate applicable to refunds of overpayments pursuant to BA's Tariffs.

11.11 Rates and Charges

BA shall charge the non-recurring and monthly recurring rates for ULLs and other Network Elements set forth in Exhibit A as interim rates until such time as the Commission adopts permanent rates consistent with the requirements of the FCC Regulations. Such permanent rates shall be applied in the manner described in Exhibit A and subsection 20.1.2 below.

12.0 RESALE -- SECTIONS 251(c)(4) and 251(b)(1)

12.1 Availability of Retail Rates for Resale

Each Party shall make available its Telecommunications Services for resale at retail rates to the other Party in accordance with Section 251(b)(1) of the Act. In addition, BA and KMC shall each allow the resale by the other of all Telecommunications Services that are offered primarily or entirely to other Telecommunications Carriers (e.g., Switched and special Exchange Access Services) at the rates already applicable to such services. BA shall also allow the resale by KMC of such other non-Telecommunications Services as BA, in its sole discretion, determines to provide for resale under terms and conditions to be agreed to by the Parties.

12.2 Availability of Wholesale Rates for Resale

BA shall make available to KMC for resale at the wholesale rates set forth in Exhibit A all Telecommunications Services that BA provides at retail to Customers that are not Telecommunications Carriers. Such services shall be provided in accordance with the terms of the applicable retail services Tariff(s), including, without limitation, user or user group restrictions, as the case may be, subject to the requirement that such restrictions shall in all cases comply with the requirements of Section 251 of the Act and the FCC Regulations regarding restrictions on resale. If KMC requests resale at wholesale rates of Telecommunications Services that BA provides at retail to Customers that are not Telecommunications Carriers before April 1, 1997, the Parties understand

and agree that the ordering, provisioning, billing, and maintenance of such resold Services are unlikely to rely on automated interfaces. After April 1, 1997, such resale arrangements shall, to the extent feasible and economically reasonable, employ automated interfaces for ordering, provisioning, billing,, and maintaining resold accounts. The Parties may also agree to negotiate term and/or volume discounts for resold services

13.0 COLLOCATION -- SECTION 251(c)(6)

13.1 BA shall offer to KMC Physical Collocation of equipment necessary for Interconnection (pursuant to Section 4) or for access to unbundled Network Elements (pursuant to Section 11.0), except that BA may offer only Virtual Collocation if BA demonstrates to the Commission that Physical Collocation is not practical for technical reasons or because of space limitations, as provided in Section 251(c)(6) of the Act. BA shall provide such Collocation solely for the purpose of Interconnection with facilities or services of BA or access to unbundled Network Elements of BA, except as otherwise mutually agreed to in writing by the Parties or as required by the FCC or the Commission, subject to applicable federal and state Tariffs.

13.2 Although not required to do so by Section 251(c)(6) of the Act, by this Agreement, KMC agrees, for so long as BA elects to offer both Physical and Virtual Collocation to KMC, to offer to BA Collocation (at KMC's option either Physical or Virtual) of equipment for purposes of Interconnection (pursuant to Section 4) on a non-discriminatory basis and at comparable rates, terms and conditions as KMC may provide to other third parties. KMC shall provide such Collocation subject to applicable Tariffs. In the event BA ceases to offer a choice between Physical and Virtual Collocation to KMC for reasons other than space limitations and BA has already established Collocation on KMC premises pursuant to this subsection 13.2, KMC may, in its discretion, elect to cease offering Collocation to BA, which cessation shall be no more onerous than that imposed by BA on KMC. In addition, in the event BA desires to terminate any Virtual Collocation established by KMC at a BA premise, BA shall allow KMC a reasonable period of time to migrate to a Physical Collocation arrangement (or another Virtual Collocation arrangement at a different BA premise) before terminating the existing Virtual Collocation arrangement. For purposes of the preceding sentence, a "reasonable period of time" shall mean up to sixty (60) days following the date of Collocation termination notice to KMC for KMC to submit a new Collocation application to BA plus the amount of time needed for BA to prepare the BA premise(s) specified by KMC in its application or as may be agreed to by the Parties for Collocation by KMC.

13.3 Where KMC is Virtually Collocated on the date hereof on a premise that was initially prepared for KMC as Virtual Collocation, KMC may elect to (i) retain its Virtual Collocation in that premises, and/or (ii) unless it is not practical for technical reasons or because of space limitations, establish Physical Collocation, in which case KMC shall coordinate the construction and rearrangement with BA of its equipment, facilities, and circuits, and for which KMC shall pay BA at applicable Tariff rates. In addition, all Physical Collocation recurring charges shall apply.

13.4 Prior to the initiation of a Collocation project, BA shall:

- (a) identify the Collocation project manager assigned to the project;
- (b) develop a written comprehensive "critical tasks" timeline detailing the work (and relative sequence thereof) that is to be performed by each Party or jointly by both Parties; and
- (c) provide KMC with the following engineering requirements, if applicable:
 - Fiber Optic Terminal/Integrated Digital Loop Carrier bay locations;
 - Digital Cross-Connect panel location and jack assignments (in the case of Physical Collocation only);
 - fiber panel location and fiber port assignments;
 - single point of contact for each BA office where Collocation activities will be performed; and
 - MDF assignments for the installation of ULLs.

13.5 For both Physical Collocation and Virtual Collocation, the Collocating Party shall provide its own or third-party leased transport facilities and terminate those transport facilities in equipment located in its Physical Collocation space, or in its virtually collocated equipment, at the Housing Party's premises as described in applicable Tariffs, and purchase Cross Connection to services or facilities as described in applicable Tariffs.

13.6 Collocation shall occur under the terms of each Party's applicable and available Tariffs.

SECTION 251(b) PROVISIONS

14.0 NUMBER PORTABILITY -- SECTION 251(b)(2)

14.1 Scope

14.1.1 The Parties shall provide Local Telephone Number Portability ("LTNP") on a reciprocal basis to each other to the extent technically feasible, and in accordance with rules and regulations as from time to time prescribed by the FCC and/or the Commission.

14.1.2 Until Permanent Number Portability is implemented by the industry pursuant to regulations issued by the FCC and/or the Commission, the Parties agree to reciprocally provide Interim Number Portability to each other at the prices listed in Exhibit A. Such agreed-upon prices for INP are not intended to reflect either Party's views on the cost recovery mechanisms being considered by the FCC in its current proceeding on number portability issues.

14.1.3 Upon the agreement of the Parties or issuance of applicable FCC and/or Commission order(s) or regulations mandating the adoption of a Permanent Number Portability ("PNP") arrangement, BA and KMC will commence migration from INP to the agreed-upon or mandated PNP arrangement as quickly as practically possible while minimizing interruption or degradation of service to their respective Customers. Once PNP is implemented, either Party may withdraw, at any time and at its sole discretion, its INP offerings, subject to advance notice to the other Party and coordination to allow the seamless and transparent conversion of INP Customer numbers to PNP. Upon implementation of PNP pursuant to FCC or Commission regulation, both Parties agree to conform and provide such PNP. To the extent PNP rates or cost recovery mechanisms are not established by the applicable FCC or Commission order or regulation mandating the adoption of PNP, the Parties will negotiate in good faith the charges or cost recovery mechanism for PNP service at such time as a PNP arrangement is adopted by the Parties.

14.1.4 Under either an INP or PNP arrangement, KMC and BA will implement a process to coordinate LTNP cutovers with ULL conversions (as described in Section 11 of this Agreement).

14.2 Procedures for Providing INP Through Remote Call Forwarding

KMC and BA will provide INP through Remote Call Forwarding as follows:

14.2.1 A Customer of one Party ("Party A") elects to become a Customer of the other Party ("Party B"). The Customer elects to utilize the original telephone number(s) corresponding to the Telephone Exchange Service(s) it previously received from Party A, in conjunction with the Telephone Exchange Service(s) it will now receive from Party B. Upon receipt of a service order from Party B requesting assignment of the number(s) to Party B, Party A will implement an arrangement whereby all calls to the original telephone number(s) will be forwarded to a new telephone number(s) designated by Party B, only within the same Exchange Area as the original telephone number(s). Party A will route the forwarded traffic to Party B over the appropriate traffic exchange trunk groups.

14.2.2 Party B will become the customer of record for the original Party A telephone number(s) subject to the INP arrangements. Upon the execution of an appropriate billing services agreement or such other mutually agreed-upon arrangement between the Parties, Party A shall use its reasonable efforts to consolidate into as few billing statements as possible collect, calling card, and third-number billed calls associated with the number(s), with sub-account detail by retained number.

14.2.3 Party A will update its Line Information Database ("LIDB") listings for retained numbers, and restrict or cancel calling cards associated with those forwarded numbers as directed by Party B. In addition, Party A will update the retained numbers in the LIDB with the screening options provided by Party B on a per order basis. Party B shall determine which of the screening options offered by Party A should apply to the Party B Customer account.

14.2.4 Party B will outpulse the telephone number to which the call has been forwarded to the 911 Tandem Office. Party B will also provide the 911 database with both the forwarded number and the directory number, as well as the appropriate address information of the Customer.

14.2.5 Party A shall be permitted to cancel INP arrangements and reassign the telephone number(s) upon receipt of notification from Party B or a third party that is authorized to act on behalf of the Customer. The Parties agree to work cooperatively to develop procedures or adopt industry standards or practices concerning the initiation and termination of INP service in a multi-carrier environment.

14.2.6 The INP service offered herein shall not initially apply to NXX Codes 555, 915, 950 (as applicable), or 976, or for Feature Group A or coin telephone service. Upon request of either Party, provision of INP to these services will be mutually negotiated between the parties and provided to the extent feasible under negotiated rates, terms and conditions. INP shall not apply for any arrangement that would render the forwarded call Toll Traffic.

14.2.7 The ordering of INP arrangements and the exchange of screening information shall be made in accordance with industry-accepted (e.g. OBF developed) format and specifications to the extent they have been implemented by the Parties.

14.3 Procedures for Providing INP Through Direct Inward Dial Trunks (Flex-DID) Either Party may also request INP through Direct Inward Dial Trunks pursuant to any applicable Tariffs.

14.4 Procedures for Providing LTNP Through Full NXX Code Migration Where either Party has activated an entire NXX for a single Customer, or activated a substantial portion of an NXX for a single Customer, with the remaining numbers in that NXX either reserved for future use by that Customer or otherwise unused, if such Customer chooses to receive Telephone Exchange Service from the other Party, the first Party shall cooperate with the second Party to have the entire NXX reassigned in the LERG (and associated industry databases, routing tables, etc.) to an End Office operated by the second Party. Such transfer will be accomplished with appropriate coordination between the Parties and subject to appropriate industry lead-times for movements of NXXs from one switch to another. Neither Party shall charge the other in connection with this coordinated transfer.

14.5 Receipt of Terminating Compensation on Traffic to INP'ed Numbers

The Parties agree in principle that, under the INP arrangements described in subsections 14.2 and 14.3 above, terminating compensation on calls to INP'ed numbers should be received by each Customer's chosen LEC as if each call to the Customer had been originally addressed by the caller to a telephone number bearing an NPA-NXX directly assigned to the Customer's chosen LEC. In order to accomplish this objective where INP is employed, the Parties shall utilize the process set forth in this subsection 14.5 whereby terminating compensation on calls

subject to INP will be passed from the Party (the "Performing Party") which performs the INP to the other Party (the "Receiving Party") for whose Customer the INP is provided.

14.5.1 The Parties shall individually and collectively make best efforts to track and quantify INP traffic between their networks based on the CPN of each call by identifying CPNs which are INP'ed numbers. The Receiving Party shall charge the Performing Party for each minute of INP traffic at the INP Traffic Rate specified in subsection 14.5.3 in lieu of any other compensation charges for terminating such traffic, except as provided in subsection 14.5.2.

14.5.2 By the Interconnection Activation Date in each LATA, the Parties shall jointly estimate for the prospective six months, based on historic data of all traffic in the LATA, the percentages of such traffic that, if dialed to telephone numbers bearing NPA-NXXs directly assigned to a Receiving Party (as opposed to the INP'ed number), would have been subject to (i) Reciprocal Compensation ("Recip Traffic"), (ii) appropriate intrastate FGD charges ("Intra Traffic"), (iii) interstate FGD charges ("Inter Traffic"), or (iv) handling as Transit Traffic. On the date which is six (6) months after the Interconnection Activation Date, and thereafter on each succeeding six month anniversary of such Interconnection Activation Date, the Parties shall establish new INP traffic percentages to be applied in the prospective six (6) month period, based on the Performing Party's choice of actual INP traffic percentages from the preceding six (6) month period or historic data of all traffic in the LATA.

14.5.3 The INP Traffic Rate shall be equal to the sum of:

(Recip Traffic percentage times the Reciprocal Compensation Rate set forth in Exhibit A)
plus
(Intra Traffic percentage times Receiving Party's effective intrastate FGD rates)
plus
(Inter Traffic percentage times Receiving Party's effective interstate FGD rates).

The Receiving Party shall compensate the Performing Party for its billing and collection of charges for the intrastate and interstate FGD access services provided by the Receiving Party to a third party through the greater of (i) the difference between the intrastate and interstate FGD rates of the Receiving Party and the Performing Party, or (ii) three percent (3%) of the Performing Party's intrastate and interstate FGD revenues for INP'ed numbers. Under no circumstances shall the Performing Party, in performing the billing and collections service on behalf of the Receiving Party, be obligated to pass through more than ninety seven percent (97%) of its FGD access charge to the Receiving Party in connection with any given INP'ed call.

14.6 Recovery of INP Costs Pursuant to FCC Order and Rulemaking

Notwithstanding anything to the contrary contained in this Section 14, in light of the FCC's First Report and Order and Further Notice of Proposed Rulemaking, adopted June 27, 1996, in CC Docket 95-116 (the "Order"), the Parties stipulate and agree as follows:

14.6.1 The rates listed in Exhibit A for the provision of INP are appropriate amounts that each Party providing INP service should recover for the provision of those INP functionalities in BA's operating territory on an interim basis until the Commission mandates an alternative cost recovery mechanism for the provision of INP. For the INP functions it provides, each Party should be allowed to recover these amounts in a manner consistent with any final FCC and/or Commission order on INP cost recovery (such as a state-wide fund contributed to by all telecommunications carriers).

14.6.2 The Parties agree that neither Party waives its rights to advocate its views that are consistent with this subsection 14.6 on the appropriate INP cost recovery mechanism, or to present such views before any relevant regulatory body or other agency as they relate to FCC or Commission actions on INP cost recovery.

15.0 DIALING PARITY -- SECTION 251(b)(3)

BA and KMC shall each provide the other with nondiscriminatory access to such services and information as are necessary to allow the other Party to implement dialing parity for Telephone Exchange Service, operator services, directory assistance, and directory listing information with no unreasonable dialing delays, as required under Section 251(b)(3) of the Act.

16.0 ACCESS TO RIGHTS-OF-WAY -- SECTION 251(b)(4)

16.1 Each Party ("Licensor") shall provide the other Party ("Licensee") access for purposes of making attachments to the poles, ducts, rights-of-way and conduits it owns or controls pursuant to any existing or future license agreement between the Parties, and in conformance with 47 U.S.C. § 224, where facilities are available, on terms, conditions and prices comparable to those offered to any other entity pursuant to each Party's applicable Tariffs (including generally-available license agreements). Where no such Tariffs exist, such access shall be provided in accordance with the requirements of 47 U.S.C. § 224, including any applicable FCC regulations that may be issued.

16.2 Licensor shall process all completed license applications for new or additional attachments, including the performance of a pre-license survey, on a first-come, first-serve basis as set forth in its applicable Tariff. Licensor shall make all access determinations in accordance with the requirements of Applicable Law (including any applicable FCC regulations), considering such factors as capacity, safety, reliability and general engineering considerations. Licensor shall inform Licensee in writing as to whether an application has been granted (subject to Licensee's payment for any "make-ready" work that may be required) or denied within forty-five (45) days of receipt of such application. Where an application involves an increase in capacity by Licensor, Licensor shall take reasonable steps to accommodate requests for access in accordance with Applicable Law. Before denying Licensee access based on lack of capacity, Licensor shall explore potential accommodations in good faith with Licensee. In order to facilitate Licensee's completion of an application, Licensor shall make commercially reasonable efforts to, within fifteen (15) business

days of a legitimate request identifying the specific geographic area and types and quantities of required structures, provide Licensee such maps, plats or other relevant data reasonably necessary to complete the applications described above, subject to a non-disclosure agreement in form reasonably agreeable to Licensor. Such requests shall be processed by Licensor on a first-come, first-serve basis. This exchange of information and records does not preclude the need for a field survey to verify the location and availability of structures and rights of way to be used. Licensor shall make commercially reasonable efforts to meet with or respond to Licensee's inquiries regarding the information supplied to it as soon as practicable following receipt of such request for meeting or inquiry from Licensee. Completion of make-ready work and attachments shall be in accordance with any existing or future license agreement between the Parties.

17.0 DATABASES AND SIGNALING

17.1 Each Party shall provide the other Party with access to databases and associated signaling necessary for call routing and completion by providing SS7 Common Channel Signaling (CCS) Interconnection in accordance with existing Tariffs, and Interconnection and access to 800/888 databases, LIDB, and any other necessary databases in accordance with existing Tariffs and/or agreements with other unaffiliated carriers, at the rates set forth in Exhibit A. Alternatively, either Party may secure CCS Interconnection from a commercial SS7 hub provider, and in that case the other Party will permit the purchasing Party to access the same databases as would have been accessible if the purchasing party had connected directly to the other Party's CCS network.

17.2 The Parties will provide CCS Signaling to one another, where and as available, in conjunction with all Local Traffic, Toll Traffic, Meet Point Billing Traffic, and Transit Traffic. The Parties will cooperate on the exchange of TCAP messages to facilitate interoperability of CCS-based features between their respective networks, including all CLASS features and functions, to the extent each Party offers such features and functions to its Customers. All CCS Signaling parameters will be provided upon request (where available), including called party number, calling party number, originating line information, calling party category, and charge number. All privacy indicators will be honored. The Parties will follow all Ordering and Billing Forum-adopted standards pertaining to CIC/OZZ codes. Where CCS Signaling is not available, in-band multi-frequency (MF) wink start signaling will be provided. Any such MF arrangement will require a separate local trunk circuit between the Parties' respective switches in those instances where the Parties have established End Office to End Office high usage trunk groups. In such an arrangement, each Party will output the full ten-digit telephone number of the called party to the other Party.

17.3 Each Party shall provide trunk groups, where available and upon reasonable request, that are configured utilizing the B8ZS ESF protocol for 64 kbps clear channel transmission to allow for ISDN interoperability between the Parties' respective networks.

17.4 The following publications describe the practices, procedures and specifications generally utilized by BA for signaling purposes and is listed herein to assist the Parties in meeting their respective Interconnection responsibilities related to Signaling:

(a) Bellcore Special Report SR-TSV-002275. BOC Notes on the LEC Networks - Signaling; and

(b) Bell Atlantic Supplement Common Channel Signaling Network Interface Specification (BA-905).

17.5 Each Party shall charge the other Party mutual and reciprocal rates for any usage-based charges for CCS Signaling, 800/888 database access, LIDB access, and access to other necessary databases, as follows: BA shall charge KMC in accordance with Exhibit A hereto and applicable Tariffs; KMC shall charge BA rates equal to the rates BA charges KMC, unless KMC's Tariffs for CCS signaling provide for lower generally available rates, in which case KMC shall charge BA such lower rates; except to the extent a Party uses a third party vendor for the provision of CCS Signaling, in which case such charges shall apply only to the third party vendor.

18.0 COORDINATED SERVICE ARRANGEMENTS

18.1 Intercept and Referral Announcements When a Customer changes its service provider from BA to KMC, or from KMC to BA, and does not retain its original telephone number, the Party formerly providing service to such Customer shall provide a referral announcement ("Referral Announcement") on the abandoned telephone number which provides details on the Customer's new number or provide other appropriate information to the extent known. Referral Announcements shall be provided reciprocally, free of charge to either the other Party or the Customer to the extent the providing Party does not charge its own customers for such service, for a period of not less than four (4) months after the date the Customer changes its telephone number in the case of business Customers and not less than sixty (60) days after the date the Customer changes its telephone number in the case of residential Customers. However, if either Party provides Referral Announcements for different periods than the above respective periods when its Customers change their telephone numbers, such Party shall provide the same level of service to Customers of the other Party.

18.2 Coordinated Repair Calls KMC and BA will employ the following procedures for handling misdirected repair calls:

18.2.1 KMC and BA will educate their respective Customers as to the correct telephone numbers to call in order to access their respective repair bureaus.

18.2.2 To the extent Party A is identifiable as the correct provider of service to Customers that make misdirected repair calls to Party B, Party B will immediately refer the Customers to the telephone number provided by Party A, or to an information source that can

provide the telephone number of Party A, in a courteous manner and at no charge. In responding to misdirected repair calls, neither Party shall make disparaging remarks about the other Party, its services, rates, or service quality.

18.2.3 KMC and BA will provide their respective repair contact numbers to one another on a reciprocal basis.

18.3 Customer Authorization 18.3.1 Without in any way limiting either Party's obligations under subsection 28.1, each Party shall comply with Applicable Laws with regard to Customer selection of a primary Telephone Exchange Service provider. Until the Commission and/or FCC adopts regulations and/or orders applicable to Customer selection of a primary Telephone Exchange Service provider, each Party shall adhere to the rules and procedures set forth in Section 64.1100 of the FCC Rules, 47 CFR § 64.1100, in effect on the Effective Date hereof when ordering, terminating, or otherwise changing Telephone Exchange Service on behalf of the other Party's or another carrier's Customers.

18.3.2 In the event either Party requests that the other Party install, provide, change, or terminate a Customer's Telecommunications Service (including, but not limited to, a Customer's selection of a primary Telephone Exchange Service Provider) and (a) fails to provide documentary evidence of the Customer's primary Telephone Exchange Service Provider selection upon request, or (b) without having obtained authorization from the Customer for such installation, provision, selection, change or termination in accordance with Applicable Laws (or as provided in subsection 18.3.1 above), the requesting Party shall be liable to the other Party for all charges that would be applicable to the Customer for the initial change in the Customer's Telecommunications Service and any charges for restoring the Customer's Telecommunications Service to its Customer-authorized condition, including to the appropriate primary Telephone Exchange Service provider.

18.3.3 Without in any way limiting KMC's obligations under subsection 28.1, KMC shall comply with Applicable Laws with regard to Customer Proprietary Network Information, including, but not limited to, 47 U.S.C. § 222. KMC shall not access (including, but not limited to, through Bell Atlantic OSS Services (as defined in Schedule 12.3) and Bell Atlantic Pre-OSS Services), use, or disclose Customer Proprietary Network Information made available to KMC by BA pursuant to this Agreement unless KMC has obtained any Customer authorization for such access, use and/or disclosure required by Applicable Laws. By accessing, using or disclosing Customer Proprietary Network Information, KMC represents and warrants that it has obtained authorization for such action from the applicable Customer in the manner required by Applicable Laws and this Agreement. KMC shall, upon request by BA, provide proof of such authorization (including a copy of any written authorization).

18.3.4 BA shall have the right to monitor and/or audit KMC's access to and use and/or disclosure of Customer Proprietary Network Information that is made available by BA to KMC pursuant to this Agreement to ascertain whether KMC is complying with the requirements of Applicable Laws and this Agreement with regard to such access, use, and/or disclosure. To the extent permitted by Applicable Laws, the foregoing right shall include, but not be limited to,

the right to electronically monitor KMC's access to and use of Customer Proprietary Network Information that is made available by BA to KMC pursuant to this Agreement.

19.0 DIRECTORY SERVICES ARRANGEMENTS

19.1 Directory Listings and Directory Distributions

In this subsection 19.1, references to a KMC Customer's "primary listing" shall mean such Customer's primary name, address, and telephone number, which number falls within the NXX codes directly assigned to KMC or is retained by KMC on the Customer's behalf pursuant to LTNP arrangements with BA or any other carrier within the geographic area covered in the relevant BA directory. BA will, upon request, provide the following directory services to KMC in accordance with the terms set forth herein.

19.1.1 BA will include the KMC Customer's primary listing in its "White Pages" directory (residence and business listings) and "Yellow Pages" directory (business listings) that cover the address of the Customer. Listings of KMC's Customers will be interfiled with listings of BA's Customers and the Customers of other LECs included in the BA directories. KMC will pay BA a non-recurring charge as set forth in Exhibit A for providing such service for each KMC Customer's primary listing. KMC will also pay BA's Tariffed charges, as the case may be, for additional and foreign white page listings and other white pages services for KMC's Customers. BA will not require a minimum number of listings per order.

19.1.2 BA will also include the KMC Customer's primary listing in BA's directory assistance database on the same basis that BA's own Customers are included, as well as in any electronic directories in which BA's Customers are ordinarily included, for no charge other than the charges identified in subsection 19.1.1.

19.1.3 BA will distribute to KMC Customers copies of their primary white pages and yellow pages directories at the same time and on the same basis that BA distributes primary directories to its own Customers. BA will also deliver a reasonable number of such directories to KMC. These distributions will be made for no additional charge. KMC and its Customers may request additional directories from BA's Directory Fulfillment Centers, which Centers will provide such additional directories for the same charges applicable to comparable requests by BA Customers.

19.1.4 Upon request by KMC, BA will provide KMC with a directory list of relevant NXX codes, the close dates, publishing data, and call guide close dates on the same basis as such information is provided to BA's own business offices.

19.1.5 KMC shall provide BA with daily listing information on all new KMC Customers in the format required by BA or a mutually-agreed upon industry standard format. The information shall include the Customer's name, address, telephone number, the delivery address and number of directories to be delivered, and, in the case of a business listing, the primary

business heading under which the business Customer desires to be placed, and any other information necessary for the publication and delivery of directories. KMC will also provide BA with daily listing information showing Customers that have disconnected or terminated their service with KMC. BA will provide KMC with confirmation of listing order activity within forty eight (48) hours.

19.1.6 BA will accord KMC's directory listing information the same level of confidentiality which BA accords its own directory listing information, and BA shall ensure that access to KMC's directory listing information will be used solely for the purpose of providing directory services; provided, however, that BA may use or license information contained in its directory listings for direct marketing purposes so long as the KMC Customers are not separately identified as such; and provided further that KMC may identify those of its Customers that request that their names not be sold for direct marketing purposes, and BA will honor such requests to the same extent as it does for its own Customers.

19.1.7 Both Parties shall use their best efforts to ensure the accurate listing of KMC Customer listings. BA will also provide KMC, upon request, a copy of the BA listings standards and specifications manual. In addition, BA will provide KMC with a listing of Yellow Pages headings and directory close schedules on an ongoing basis.

19.1.8 KMC will adhere to all practices, standards, and ethical requirements of BA with regard to listings, and, by providing BA with listing information, warrants to BA that KMC has the right to place such listings on behalf of its Customers. KMC agrees that it will undertake commercially practicable and reasonable steps to attempt to ensure that any business or person to be listed is authorized and has the right (i) to provide the product or service offered, and (ii) to use any personal or corporate name, trade name or language used in the listing. In addition, KMC agrees to release, defend, hold harmless and indemnify BA from and against any and all claims, losses, damages, suits, or other actions, or any liability whatsoever, suffered, made, instituted, or asserted by any person arising out of BA's listing of the listing information provided by KMC hereunder.

19.1.9 BA's liability to KMC in the event of a BA error in or omission of a listing shall not exceed the amount of charges actually paid by KMC for such listing. In addition, KMC agrees to take, with respect to its own Customers, all reasonable steps to ensure that its and BA's liability to KMC's Customers in the event of a BA error in or omission of a listing shall be subject to the same limitations that BA's liability to its own Customers are subject to.

19.1.10 Within thirty (30) business days of the Effective Date, BA agrees to meet with KMC and, if appropriate, arrange a meeting with a BA authorized Yellow Pages agent, to address issues regarding KMC customer referrals or questions pertaining to Yellow Pages listings.

19.2 Yellow Pages Maintenance The Parties agree to work cooperatively to ensure that Yellow Page advertisements purchased by Customers that switch their service to KMC (including Customers utilizing KMC-assigned telephone numbers and KMC Customers utilizing LTNP) are

maintained without interruption. BA will offer Yellow Pages services to KMC Customers on the same basis as they are offered to BA Customers.

19.3 Service Information Pages BA will include all KMC NXX codes associated with the areas to which each directory pertains, along with BA's own NXX codes, in any lists of such codes which are contained in the general reference portions of the directories. KMC's NXX codes shall appear in such lists in the same manner as BA's NXX information. In addition, BA will include in the "Customer Guide" or comparable section of the applicable white pages directories listings provided by KMC for KMC's installation, repair and customer service and other essential service oriented information, as agreed by the Parties, including appropriate identifying logo. Such listings shall appear in the manner agreed to by the Parties. BA shall not charge KMC for inclusion of this essential service-oriented information, but reserves the right to impose charges on other information KMC may elect to submit and BA may elect to accept for inclusion in BA's white pages directories. BA will provide KMC with the annual directory close dates and reasonable notice of any changes in said dates.

19.4 Directory Assistance (DA); Call Completion

19.4.1 Upon request, BA will provide KMC with directory assistance, connect request, and/or IntraLATA call completion services in accordance with the terms set forth in the Directory Assistance and Call Completion Services Agreement appended hereto as Exhibit C.

19.4.2 Also upon request, BA will provide to KMC operator services trunk groups, utilizing Feature Group D type signaling, with ANI, minus OZZ, when interconnecting to the BA operator services network.

19.4.3 BA agrees to utilize existing trunking arrangements, at no facility charge to KMC, to transfer KMC's operator calls handled by a BA operator to the appropriate 911/E911 PSAP. The ALI information passed to the PSAP shall be consistent with the information that BA passes on its own operator-handled calls.

20.0 COORDINATION WITH TARIFF TERMS

20.1 The Parties acknowledge that some of the services, facilities, and arrangements described herein are or will be available under and subject to the terms of the federal or state tariffs of the other Party applicable to such services, facilities, and arrangements. To the extent a Tariff of the providing Party applies to any service, facility, and arrangement described herein, the Parties agree as follows:

20.1.1 Those rates and charges set forth in Exhibit A for the services, facilities, and arrangements described herein that are designated with an asterisk shall remain fixed for the initial term of the Agreement, notwithstanding that such rates may be different from those contained in an effective, pending, or future Tariff of the providing Party (including any changes to such Tariff subsequent to the Effective Date). Those rates and charges for services, facilities, and arrangements

that are not designated with an asterisk, and reference or are identical to a rate contained in an existing Tariff of the providing Party, shall conform with those contained in the then-prevailing Tariff and vary in accordance with any changes that may be made to the Tariff rates and charges subsequent to the Effective Date. Even the asterisked fixed rates and charges shall be changed to reflect any changes in the Tariff rates and charges they reference, however, if the Parties agree to adopt the changed Tariff rates and charges.

20.1.2 As applied to wholesale discount rates, unbundled Network Elements or call transport and/or termination of Local Traffic purchased for the provision of Telephone Exchange Service or Exchange Access, the rates and charges set forth in Exhibit A shall serve as interim rates until such time as they are replaced by such permanent rates as may be approved by the Commission pursuant to the FCC Regulations. At such time as such permanent rates have been approved by the Commission, the Parties shall develop and append to Exhibit A an Exhibit AA setting forth such permanent rates, which Exhibit AA the Parties shall update periodically as necessary.

20.2 Except with respect to the rates and charges described in subsection 20.1 above, all other terms contained in an applicable Tariff of the providing Party shall apply in connection with its provision of the particular service, facility, and arrangement hereunder.

21.0 INSURANCE

21.1 Each Party shall maintain, during the term of this Agreement, all insurance and/or bonds required by law and necessary to satisfy its obligations under this Agreement, including, without limitation, its obligations set forth in Section 25 hereof. At a minimum and without limiting the foregoing covenant, each Party shall maintain the following insurance:

(a) Commercial General Liability Insurance, on an occurrence basis, including but not limited to, premises-operations, broad form property damage, products/completed operations, contractual liability, independent contractors, and personal injury, with limits of at least \$2,000,000 combined single limit for each occurrence.

(b) Automobile Liability, Comprehensive Form, with limits of at least \$500,000 combined single limit for each occurrence.

(c) Excess Liability, in the umbrella form, with limits of at least \$10,000,000 combined single limit for each occurrence.

(d) Worker's Compensation Insurance as required by law and Employer's Liability Insurance with limits of not less than \$1,000,000 per occurrence.

21.2 For purposes of meeting the foregoing minimum insurance thresholds, BA may elect to self-insure and/or obtain purchase insurance or bonds from a third party.

21.3 Each Party shall, within two (2) weeks of a request by the other Party and on an annual basis thereafter, furnish certificates or other adequate proof of the foregoing insurance. The certificates or other proof of the foregoing insurance shall be sent to:

In the case of BA: Bell Atlantic Network Services, Inc.
Insurance Administration Group
1320 N. Court House Road, 4th Floor
Arlington, VA, 22201

In the case of KMC: Cynthia Worthman
Chief Financial Officer
KMC Telecom of Virginia Inc.
1545 Route 206
Suite 300
Bedminster, NJ 07921

In addition, each Party shall require its agents, representatives, or contractors, if any, that may enter upon the premises of the other Party or the other Party's affiliated companies to maintain similar and appropriate insurance and, if requested, to furnish the other Party certificates or other adequate proof of such insurance. Certificates furnished by such Party or such Party's agents, representatives, or contractors shall contain a clause stating that the other Party shall be notified in writing at least thirty (30) days prior to cancellation of, or any material change in, the insurance.

22.0 TERM AND TERMINATION.

22.1 This Agreement shall be effective as of the date first above written and continue in effect until July 1, 1999, and thereafter the Agreement shall continue in force and effect unless and until terminated as provided herein. Upon the expiration of the initial term, either Party may terminate this Agreement by providing written notice of termination to the other Party, such written notice to be provided at least ninety (90) days in advance of the date of termination. In the event of such termination, those service arrangements made available under this Agreement and existing at the time of termination shall continue without interruption under (a) a new agreement executed by the Parties, (b) standard Interconnection terms and conditions approved and made generally effective by the Commission, (c) Tariff terms and conditions generally available to CLECs, or (d) if none of the above is available, under the terms of this Agreement on a month-to-month basis until such time as (a), (b), or (c) becomes available.

22.2 For service arrangements made available under this Agreement and existing at the time of termination, if the standard Interconnection terms and conditions or Tariff terms and conditions result in the non-terminating Party physically rearranging facilities or incurring programming expense, the non-terminating Party shall be entitled to recover such rearrangement or

programming costs from the terminating Party. By mutual agreement, the Parties may jointly petition the appropriate regulatory bodies for permission to have this Agreement supersede any future standardized agreements or rules as such regulators might adopt or approve.

22.3 If either Party defaults in the payment of any amount due hereunder, or if either Party violates any other provision of this Agreement, and such default or violation shall continue for sixty (60) days after written notice thereof, the other Party may terminate this Agreement and services hereunder by written notice; provided the other Party has provided the defaulting Party and the appropriate federal and/or state regulatory bodies with written notice at least twenty five (25) days' prior to terminating service. Notice shall be posted by overnight mail, return receipt requested. If the defaulting Party cures the default or violation within the twenty five (25) day period, the other Party will not terminate service or this Agreement but shall be entitled to recover all costs, if any, incurred by it in connection with the default or violation, including, without limitation, costs incurred to prepare for the termination of service.

23.0 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES

EXCEPT AS EXPRESSLY PROVIDED UNDER THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES, FUNCTIONS AND PRODUCTS IT PROVIDES UNDER OR CONTEMPLATED BY THIS AGREEMENT AND THE PARTIES DISCLAIM THE IMPLIED WARRANTIES OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

24.0 CANCELLATION CHARGES

Except as provided in this Agreement or as otherwise provided in any applicable Tariff, no cancellation charges shall apply.

25.0 INDEMNIFICATION

25.1 Each Party agrees to release, indemnify, defend and hold harmless the other Party from and against all losses, claims, demands, damages, expenses, suits or other actions, or any liability whatsoever, including, but not limited to, costs and attorneys' fees (collectively, a "Loss"), (a) whether suffered, made, instituted, or asserted by any other party or person, relating to personal injury to or death of any person, or for loss, damage to, or destruction of real and/or personal property, whether or not owned by others, incurred during the term of this Agreement and to the extent proximately caused by the acts or omissions of the indemnifying Party, regardless of the form of action, or (b) suffered, made, instituted, or asserted by its own customer(s) against the other Party arising out of the other Party's provision of services to the indemnifying Party under this Agreement. Notwithstanding the foregoing indemnification, nothing in this such Section 25. shall affect or limit any claims, remedies, or other actions the indemnifying Party may have against the indemnified Party under this Agreement, any other contract, or any applicable Tariff(s), regulations or laws for the indemnified Party's provision of said services.

25.2 The indemnification provided herein shall be conditioned upon:

(a) The indemnified Party shall promptly notify the indemnifying Party of any action taken against the indemnified Party relating to the indemnification.

(b) The indemnifying Party shall have sole authority to defend any such action, including the selection of legal counsel, and the indemnified Party may engage separate legal counsel only at its sole cost and expense.

(c) In no event shall the indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified Party, which consent shall not be unreasonably withheld.

(d) The indemnified Party shall, in all cases, assert any and all provisions in its Tariffs that limit liability to third parties as a bar to any recovery by the third party claimant in excess of such limitation of liability.

(e) The indemnified Party shall offer the indemnifying Party all reasonable cooperation and assistance in the defense of any such action.

26.0 LIMITATION OF LIABILITY

26.1 Except as may be provided pursuant to Section 27 below, the liability of either Party to the other Party for damages arising out of failure to comply with a direction to install, restore or terminate facilities; or out of failures, mistakes, omissions, interruptions, delays, errors, or defects occurring in the course of furnishing any services, arrangements, or facilities hereunder shall be determined in accordance with the terms of the applicable tariff(s) of the providing Party. In the event no tariff(s) apply, the providing Party's liability shall not exceed an amount equal to the pro

rata monthly charge for the period in which such failures, mistakes, omissions, interruptions, delays, errors or defects occur. Recovery of said amount shall be the injured Party's sole and exclusive remedy against the providing Party for such failures, mistakes, omissions, interruptions, delays, errors or defects.

26.2 Neither Party shall be liable to the other in connection with the provision or use of services offered under this Agreement for indirect, incidental, consequential, reliance or special damages, including (without limitation) damages for lost profits (collectively, "Consequential Damages"), regardless of the form of action, whether in contract, warranty, strict liability, or tort, including, without limitation, negligence of any kind, even if the other Party has been advised of the possibility of such damages; provided, that the foregoing shall not limit a Party's obligation under Section 25.

26.3 The Parties agree that neither Party shall be liable to the customers of the other Party in connection with its provision of services to the other Party under this Agreement. Nothing in this Agreement shall be deemed to create a third party beneficiary relationship between the Party providing the service and the customers of the Party purchasing the service. In the event of a dispute involving both Parties with a customer of one Party, both Parties shall assert the applicability of any limitations on liability to customers that may be contained in either Party's applicable Tariff(s).

27.0 PERFORMANCE STANDARDS FOR SPECIFIED ACTIVITIES

27.1 Performance Standards BA shall provide the Interconnection and unbundled Network Elements contemplated hereunder on anon-discriminatory basis in accordance with the performance standards set forth in Section 251(c) of the Act and the FCC Regulations, in particular the rules set forth in 47 Code of Federal Regulations §§ 51.305(a)(3) to (a)(5), 51.311(a) to (c), and 51.313(b). For purposes of this Agreement, the Parties agree that BA shall be deemed to meet such performance standards if it meets the time intervals set forth in Schedule 27.1 for (i) ULL Installation and INP Installation in at least eighty percent (80%) of the covered instances, and (ii) Out-of-Service Repairs in at least seventy percent (70%) of the covered instances. At such time as BA develops performance standards for unbundled Switching Elements, BA will provide KMC with reports thereof in accordance with subsection 27.2 below.

27.2 Performance Reporting

27.2.1 BA shall supply to KMC quarterly performance reports on BA's performance in the Commonwealth of Virginia. The reports shall contain the information described in, and be substantially in the format of, the documents attached hereto as Schedules 27.2A through 27.2D. The content of the reports, and the definitions of the rows and columns in the reports are set forth in Schedule 27.2E. The coverage of each report is set forth in its title, with the additional explanations set forth in Schedule 27.2.

27.2.2 KMC agrees that the performance information included in these reports is confidential and proprietary to BA, and shall be used by KMC solely for internal performance assessment purposes, for purposes of joint KMC and BA assessments of service performance, and for reporting to the Commission, the FCC, or courts of competent jurisdiction, under cover of an agreed-upon protective order. KMC shall not otherwise disclose this information to third parties.

27.3 Performance Penalties The question of what penalties or other action might be appropriate in any situation where KMC believes, based on a statistically significant number of reports described above, that Bell Atlantic is not complying with the performance standards referenced in subsection 27.1 above shall be resolved, in the first instance, through negotiations between the Parties and, failing successful negotiations, through the complaint processes of the Commission, the FCC, or a court of competent jurisdiction. BA agrees to join KMC in encouraging the Commission to develop expedited procedures for the resolution of any performance-related complaints.

28.0 COMPLIANCE WITH LAWS; REGULATORY APPROVAL

28.1 Each Party represents and warrants that it is now and will remain in compliance with all Applicable Laws. Each Party shall promptly notify the other Party in writing of any governmental action that suspends, cancels, withdraws, limits, or otherwise materially affects its ability to perform its obligations hereunder.

28.2 The Parties understand and agree that this Agreement will be filed with the Commission and may thereafter be filed with the FCC as an integral part of BA's application pursuant to Section 271(d) of the Act. The Parties covenant and agree that this Agreement is satisfactory to them as an agreement under Section 251 of the Act. Each Party covenants and agrees to fully support approval of this Agreement by the Commission or the FCC under Section 252 of the Act without modification. The Parties, however, reserve the right to seek regulatory relief and otherwise seek redress from each other regarding performance and implementation of this Agreement, including, without limitation, the conformance of this Agreement to the FCC Regulations as provided in subsection 28.3 below.

28.3 The Parties recognize that the FCC has issued and may continue to issue the FCC Regulations implementing Sections 251, 252, and 271 of the Act that affect certain terms contained in this Agreement. In the event that any one or more of the provisions contained herein is inconsistent with any applicable rule contained in such FCC Regulations or, in BA's reasonable determination, affects BA's application pursuant to Section 271(d) of the Act, the Parties agree to make only the minimum revisions necessary to eliminate the inconsistency or amend the application-affecting provision(s). Such minimum revisions shall not be considered material, and shall not require further Commission approval (beyond any Commission approval required under Section 252(e) of the Act).

28.4 In the event any Applicable Law other than the FCC Regulations requires modification of any material term(s) contained in this Agreement, either Party may require a renegotiation of the term(s) that require direct modification as well as of any term(s) that are reasonably affected thereby. If neither Party requests a renegotiation or if an Applicable Law requires modification of any non-material term(s), then the Parties agree to make only the minimum modifications necessary, and the remaining provisions of this Agreement shall remain in full force and effect. For purposes of this subsection 28.4 and without limitation of any other modifications required by Applicable Laws, the Parties agree that any modification required by Applicable Laws (i) to the two-tier Reciprocal Call Termination compensation structure for the transport and termination of Local Traffic described in Exhibit A, or (ii) that affects either Party's receipt of reciprocal compensation for the transport and termination of Local Traffic, shall be deemed to be a modification of a material term that requires immediate good faith renegotiation between the Parties. Until such renegotiation results in a new agreement or an amendment to this Agreement between the Parties, the Parties agree that (a) in the case of (i) above, they will pay each other appropriate transport charges in addition to the usual call termination charge for Local Traffic that it delivers to the other Party's Local Serving Wire Center, provided each Party continues to offer the option of delivering Local Traffic to another IP in the LATA at the usual call termination charge only, and (b) in the case of (ii) above, the Party whose receipt of reciprocal compensation is affected shall not be obligated to pay the other Party reciprocal compensation for the other Party's transport and termination of the same kind of Local Traffic delivered by the affected Party in excess of what the affected Party is permitted to receive and retain.

29.0 MISCELLANEOUS

29.1 Authorization

29.1.1 BA is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has full power and authority to execute and deliver this Agreement and to perform the obligations hereunder.

29.1.2 KMC Telecom, Inc., is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

29.2 Independent Contractor Each Party shall perform services hereunder as an independent contractor and nothing herein shall be construed as creating any other relationship between the Parties. Each Party and each Party's contractor shall be solely responsible for the withholding or payment of all applicable federal, state and local income taxes, social security taxes and other payroll taxes with respect to their employees, as well as any taxes, contributions or other obligations imposed by applicable state unemployment or workers' compensation acts. Each Party has sole authority and responsibility to hire, fire and otherwise control its employees.

29.3 Force Majeure Neither Party shall be responsible for delays or failures in performance resulting from acts or occurrences beyond the reasonable control of such Party.

regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: adverse weather conditions, fire, explosion, power failure, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, ordinance or requirement of any government or legal body; or labor unrest, including, without limitation, strikes, slowdowns, picketing or boycotts; or delays caused by the other Party or by other service or equipment vendors; or any other circumstances beyond the Party's reasonable control. In such event, the affected Party shall, upon giving prompt notice to the other Party, be excused from such performance on a day-to-day basis to the extent of such interferences (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis to the extent such Party's obligations relate to the performance so interfered with). The affected Party shall use its best efforts to avoid or remove the cause(s) of non-performance and both Parties shall proceed to perform with dispatch once the cause(s) are removed or cease.

29.4 Confidentiality

29.4.1 All information, including but not limited to specification, microfilm, photocopies, magnetic disks, magnetic tapes, drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (i) furnished by one Party to the other Party dealing with customer specific, facility specific, or usage specific information, other than customer information communicated for the purpose of publication or directory database inclusion, or (ii) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary," or (iii) communicated orally and declared to the receiving Party at the time of delivery, or by written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the disclosing Party.

29.4.2 Each Party shall keep all of the other Party's Proprietary Information confidential in the same manner it holds its own Proprietary Information confidential (which in all cases shall be no less than reasonable) and shall use the other Party's Proprietary Information only for performing the covenants contained in this Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the Parties in writing.

29.4.3 Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Proprietary Information that:

(a) was, at the time of receipt, already known to the receiving Party free of any obligation to keep it confidential as evidenced by written records prepared prior to delivery by the disclosing Party; or

(b) is or becomes publicly known through no wrongful act of the receiving Party; or

(c) is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the disclosing Party with respect to such information; or

(d) is independently developed by an employee, agent, or contractor of the receiving Party that is not involved in any manner with the provision of services pursuant to this Agreement and does not have any direct or indirect access to the Proprietary Information; or

(e) is approved for release by written authorization of the disclosing Party; or

(f) is required to be made public by the receiving Party pursuant to applicable law or regulation, provided that the receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders.

29.4.4 Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes only.

29.4.5 Notwithstanding any other provision of this Agreement, the provisions of this subsection 29.4 shall apply to all Proprietary Information furnished by either Party to the other in furtherance of the purpose of this Agreement, even if furnished before the Effective Date.

29.5 Choice of Law The construction, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the state in which this Agreement is to be performed, except for its conflicts of laws provisions. In addition, insofar as and to the extent federal law may apply, federal law will control.

29.6 Taxes

29.6.1 In General. With respect to any purchase hereunder of services, facilities or arrangements, if any federal, state or local tax, fee, surcharge or other tax-like charge (a "Tax") is required or permitted by Applicable Law to be collected from the purchasing Party by the providing Party, then (i) the providing Party shall properly bill the purchasing Party for such Tax, (ii) the purchasing Party shall timely remit such Tax to the providing Party and (iii) the providing Party shall timely remit such collected Tax to the applicable taxing authority.

29.6.2 Taxes Imposed on the Providing Party With respect to any purchase hereunder of services, facilities or arrangements, if any federal, state or local Tax is imposed by Applicable Law on the receipts of the providing Party, which Law permits the providing Party to exclude certain receipts received from sales for resale to a public utility, distributor, telephone company, local exchange carrier, telecommunications company or other communications company ("Telecommunications Company"), such exclusion being based solely on the fact that the purchasing Party is also subject to a tax based upon receipts ("Receipts Tax"), then the purchasing Party (i) shall provide the providing Party with notice in writing in accordance with

subsection 29.6.6 of this Agreement of its intent to pay the Receipts Tax and (ii) shall timely pay the Receipts Tax to the applicable tax authority.

29.6.3 Taxes Imposed on Customers With respect to any purchase hereunder of services, facilities or arrangements that are resold to a third party, if any federal, state or local Tax is imposed by Applicable Law on the subscriber, end-user, Customer or ultimate consumer ("Subscriber") in connection with any such purchase, which a Telecommunications Company is required to impose and/or collect from a Subscriber, then the purchasing Party (i) shall be required to impose and/or collect such Tax from the Subscriber and (ii) shall timely remit such Tax to the applicable taxing authority.

29.6.4 Liability for Uncollected Tax, Interest and Penalty If the providing Party has not received an exemption certificate and fails to collect any Tax as required by subsection 29.6.1, then, as between the providing Party and the purchasing Party, (i) the purchasing Party shall remain liable for such uncollected Tax and (ii) the providing Party shall be liable for any interest assessed thereon and any penalty assessed with respect to such uncollected Tax by such authority. If the providing Party properly bills the purchasing Party for any Tax but the purchasing Party fails to remit such Tax to the providing Party as required by subsection 29.6.1, then, as between the providing Party and the purchasing Party, the purchasing Party shall be liable for such uncollected Tax and any interest assessed thereon, as well as any penalty assessed with respect to such uncollected Tax by the applicable taxing authority. If the providing Party does not collect any Tax as required by subsection 29.6.1 because the purchasing Party has provided such providing Party with an exemption certificate that is later found to be inadequate by a taxing authority, then, as between the providing Party and the purchasing Party, the purchasing Party shall be liable for such uncollected Tax and any interest assessed thereon, as well as any penalty assessed with respect to such uncollected Tax by the applicable taxing authority. If the purchasing Party fails to pay the Receipts Tax as required by subsection 29.6.2, then, as between the providing Party and the purchasing Party, (x) the providing Party shall be liable for any Tax imposed on its receipts and (y) the purchasing Party shall be liable for any interest assessed thereon and any penalty assessed upon the providing Party with respect to such Tax by such authority. If the purchasing Party fails to impose and/or collect any Tax from Subscribers as required by subsection 29.6.3, then, as between the providing Party and the purchasing Party, the purchasing Party shall remain liable for such uncollected Tax and any interest assessed thereon, as well as any penalty assessed with respect to such uncollected Tax by the applicable taxing authority. With respect to any Tax that the purchasing Party has agreed to pay, or is required to impose on and/or collect from Subscribers, the purchasing Party agrees to indemnify and hold the providing Party harmless on an after-tax basis for any costs incurred by the providing Party as a result of actions taken by the applicable taxing authority to recover the Tax from the providing Party due to the failure of the purchasing Party to timely pay, or collect and timely remit, such Tax to such authority. In the event either Party is audited by a taxing authority, the other Party agrees to cooperate fully with the Party being audited in order to respond to any audit inquiries in a proper and timely manner so that the audit and/or any resulting controversy may be resolved expeditiously.

29.6.5 Tax Exemptions and Exemption Certificates If Applicable Law clearly exempts a purchase hereunder from a Tax, and if such Law also provides an exemption procedure, such as an exemption-certificate requirement, then, if the purchasing Party complies with such procedure, the providing Party shall not collect such Tax during the effective period of such exemption. Such exemption shall be effective upon receipt of the exemption certificate or affidavit in accordance with the terms set forth in subsection 29.6.6. If Applicable Law clearly exempts a purchase hereunder from a Tax, but does not also provide an exemption procedure, then the providing Party shall not collect such Tax if the purchasing Party (i) furnishes the providing Party with a letter signed by an officer requesting such an exemption and citing the provision in the Law which clearly allows such exemption and (ii) supplies the providing Party with an indemnification agreement, reasonably acceptable to the providing Party (e.g., an agreement commonly used in the industry), which holds the providing Party harmless on an after-tax basis with respect to its forbearing to collect such Tax.

29.6.6 Notices for Purposes of this Subsection 29.6 All notices, affidavits, exemption-certificates or other communications required or permitted to be given by either Party to the other, for purposes of this subsection 29.6, shall be made in writing and shall be delivered in person or sent by certified mail, return receipt requested, or registered mail, or a courier service providing proof of service, and sent to the addressees set forth in subsection 29.10 as well as to the following:

To Bell Atlantic: Tax Administration
Bell Atlantic Network Services, Inc.
1717 Arch Street
30th Floor
Philadelphia, PA 19103

To KMC: Cynthia Worthman
Chief Financial Officer
KMC Telecom of Virginia Inc.
1545 Route 206
Suite 300
Bedminster, NJ 07921

Either Party may from time to time designate another address or other addressees by giving notice in accordance with the terms of this subsection 29.6. Any notice or other communication shall be deemed to be given when received.

29.7 Assignment. Either Party may assign this Agreement or any of its rights or obligations hereunder to a third party, including, without limitation, its parent or other affiliate, with the other Party's prior written consent, which consent shall not be unreasonably withheld upon the provision of reasonable evidence by the proposed assignee that it has the resources, ability, and authority to provide satisfactory performance under this Agreement. Any assignment or delegation in violation of this subsection 29.7 shall be void and ineffective and constitute a default of this Agreement.

29.8 Billing and Payment; Disputed Amounts.

29.8.1 Except as may otherwise be provided in this Agreement, each Party shall submit on a monthly basis an itemized statement of charges incurred by the other Party during the preceding month(s) for services rendered hereunder. Payment of billed amounts under this Agreement, whether billed on a monthly basis or as otherwise provided herein, shall be due, in immediately available U.S. funds, within thirty (30) days of the date of such statement.

29.8.2 Although it is the intent of both Parties to submit timely and accurate statements of charges, failure by either Party to present statements to the other Party in a timely manner shall not constitute a breach or default, or a waiver of the right to payment of the incurred charges, by the billing Party under this Agreement, and the billed Party shall not be entitled to dispute the billing Party's statement(s) based on such Party's failure to submit them in a timely fashion.

29.8.3 If any portion of an amount due to a Party (the "Billing Party") under this Agreement is subject to a bona fide dispute between the Parties, the Party billed (the "Non-Paying Party") shall within sixty (60) days of its receipt of the invoice containing such disputed amount give notice to the Billing Party of the amounts it disputes ("Disputed Amounts") and include in such notice the specific details and reasons for disputing each item. The Non-Paying Party shall pay when due (i) all undisputed amounts to the Billing Party and (ii) the Disputed Amount up to the higher of \$10,000 or 50% of the Disputed Amount into an interest bearing escrow account with a third party escrow agent mutually agreed upon by the Parties. The remaining balance of the Disputed Amount not placed into escrow shall thereafter be paid, if appropriate, upon final determination of such dispute.

29.8.4 If the Parties are unable to resolve the issues related to the Disputed Amounts in the normal course of business within ninety (90) days after delivery to the Billing Party of notice of the Disputed Amounts, each of the Parties shall appoint a designated representative that has authority to settle the dispute and that is at a higher level of management than the persons with direct responsibility for administration of this Agreement. The designated representatives shall meet as often as they reasonably deem necessary in order to discuss the dispute and negotiate in good faith in an effort to resolve such dispute. The specific format for such discussions will be left to the discretion of the designated representatives, however all reasonable requests for relevant information made by one Party to the other Party shall be honored.

29.8.5 If the Parties are unable to resolve issues related to the Disputed Amounts within forty-five (45) days after the Parties' appointment of designated representatives pursuant to subsection 29.8.4, or if either Party fails to appoint a designated representative within forty five (45) days, then either Party may file a complaint with the Commission to resolve such issues or proceed with any other remedy pursuant to law or equity. The Commission may direct release of any or all funds (including any accrued interest) in the escrow account, plus applicable late fees, to be paid to either Party.

29.8.6 The Parties agree that all negotiations pursuant to this subsection 29.8 shall remain confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence.

29.8.7 Any undisputed amounts not paid when due shall accrue interest from the date such amounts were due at the lesser of (i) one and one-half percent (1-1/2%) per month or (ii) the highest rate of interest that may be charged under applicable law.

29.9 Dispute Resolution Any dispute between the Parties regarding the interpretation or enforcement of this Agreement or any of its terms shall be addressed by good faith negotiation between the Parties, in the first instance. Should such negotiations fail to resolve the dispute in a reasonable time, either Party may initiate an appropriate action in any regulatory or judicial forum of competent jurisdiction.

29.10 Notices Except as otherwise provided in this Agreement, notices given by one Party to the other Party under this Agreement shall be in writing and shall be (a) delivered personally, (b) delivered by express delivery service, (c) mailed, certified mail or first class U.S. mail postage prepaid, return receipt requested, or (d) delivered by telecopy to the following addresses of the Parties:

To KMC:

Michael Sternberg
President
KMC Telecom of Virginia Inc.
1545 Route 206
Suite 300
Bedminster, NJ 07921
Facsimile: 908/719-8775

To BA:

Director - Interconnection Services
Bell Atlantic Network Services, Inc.
1320 N. Courthouse Road
9th Floor
Arlington, VA 22201
Facsimile: 703/974-2183

with a copy to:

Vice President and General Counsel
Bell Atlantic - Virginia, Inc.
600 Main Street

24th Floor
Richmond, Virginia 23261
Facsimile: 804/772-2143

or to such other address as either Party shall designate by proper notice. Notices will be deemed given as of the earlier of (i) the date of actual receipt, (ii) the next business day when notice is sent via express mail or personal delivery, (iii) three (3) days after mailing in the case of first class or certified U.S. mail, or (iv) on the date set forth on the confirmation in the case of telecopy.

29.11 Section 252(i) Obligations

29.11.1 To the extent required under Applicable Law, BA shall make available without unreasonable delay to KMC any individual interconnection, service or network element contained in any agreement to which it is a party that is approved by the Commission pursuant to Section 252 of the Act, upon the same rates, terms, and conditions as those provided in the agreement. BA agrees to notify KMC on a quarterly basis via an "all users of access" letter or similar written notice of any such agreement once BA has filed it with the Commission for approval.

29.11.2 To the extent the exercise of the foregoing options requires a rearrangement of facilities by the providing Party, the opting Party shall be liable for the non-recurring charges associated therewith.

29.11.3 The Party electing to exercise such option shall do so by delivering written notice to the first Party. Upon receipt of said notice by the first Party, the Parties shall amend this Agreement to provide the same rates, terms and conditions to the notifying Party for the remaining term of this Agreement; provided, however, that the Party exercising its option under this subsection 29.11 must continue to provide the same services or arrangements to the first Party as required by this Agreement, subject either to the rates, terms, and conditions applicable to the first Party in its agreement with the third party or to the rates, terms, and conditions of this Agreement, whichever is more favorable to the first Party in its sole determination.

29.11.4 BA represents and warrants that, as of the date of this Agreement, it has not entered into any comparable Interconnection agreement with any other CLEC in BA's service territory that is significantly more favorable than the terms contained herein. BA makes no warranty or representation with respect to its Interconnection arrangements with its affiliates or ITCs.

29.12 Joint Work Product This Agreement is the joint work product of the Parties and has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.

29.13 No Third Party Beneficiaries; Disclaimer of Agency This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein express or implied shall create or be construed to create any third-party beneficiary rights hereunder. Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party, whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

29.14 No License

29.14.1 Nothing in this Agreement shall be construed as the grant of a license, either express or implied, with respect to any patent, copyright, trademark, trade name, trade secret or any other proprietary or intellectual property now or hereafter owned, controlled or licensable by either Party. Neither Party may use any patent, copyrightable materials, trademark, trade name, trade secret or other intellectual property right of the other Party except in accordance with the terms of a separate license agreement between the Parties granting such rights.

29.14.2 Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other Party or its customers based on or arising from any claim, demand, or proceeding by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any software, or the performance of any service or method, or the provision of any facilities by either Party under this Agreement, alone or in combination with that of the other Party, constitutes direct, vicarious or contributory infringement or inducement to infringe, misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any Party or third party. Each Party, however, shall offer to the other reasonable cooperation and assistance in the defense of any such claim.

29.14.3 NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THE PARTIES AGREE THAT NEITHER PARTY HAS MADE, AND THAT THERE DOES NOT EXIST, ANY WARRANTY, EXPRESS OR IMPLIED, THAT THE USE BY THE PARTIES OF THE OTHER'S FACILITIES, ARRANGEMENTS, OR SERVICES PROVIDED UNDER THIS AGREEMENT SHALL NOT GIVE RISE TO A CLAIM BY ANY THIRD PARTY OF INFRINGEMENT, MISUSE, OR MISAPPROPRIATION OF ANY INTELLECTUAL PROPERTY RIGHT OF SUCH THIRD PARTY.

29.15 Reserved

29.16 Survival The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

29.17 Entire Agreement The terms contained in this Agreement and any Schedules, Exhibits, tariffs and other documents or instruments referred to herein, which are incorporated into this Agreement by this reference, constitute the entire agreement between the Parties with respect to the subject matter hereof, superseding all prior understandings, proposals and other communications, oral or written. Neither Party shall be bound by any preprinted terms additional to or different from those in this Agreement that may appear subsequently in the other Party's form documents, purchase orders, quotations, acknowledgments, invoices or other communications.

29.18 Counterparts This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

29.19 Modification, Amendment, Supplement, or Waiver No modification, amendment, supplement to, or waiver of the Agreement or any of its provisions shall be effective and binding upon the Parties unless it is made in writing and duly signed by the Parties. A failure or delay of either Party to enforce any of the provisions hereof, to exercise any option which is herein provided, or to require performance of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or options.

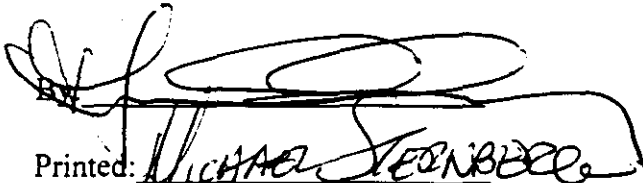
29.20 Successors and Assigns This Agreement shall be binding on and inure to the benefit of the Parties and their respective legal successors and permitted assigns.

29.21 Publicity Neither Party shall use the name of the other Party in connection with this Agreement in a press release or statement without the prior consent of the other Party, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of this 12th day of March 1997.

KMC TELECOM OF.
VIRGINIA INC

BELL ATLANTIC-
VIRGINIA, INC.


Printed: Michael Steenberger
Title: President & CEO

By: _____

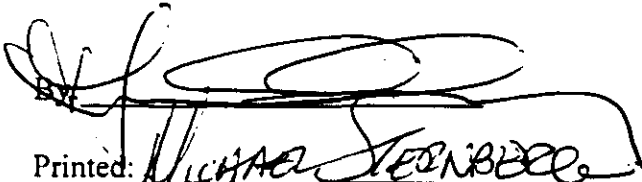
Printed: _____

Title: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of this 12th day of March 1997.

KMC TELECOM OF.
VIRGINIA INC

BELL ATLANTIC-
VIRGINIA, INC.

By: 
Printed: Michael Steenbeck
Title: President & CEO

By: _____

Printed: _____

Title: _____